COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

FEDERAL RESERVE BANK OF PHILADELPHIA
TEN INDEPENDENCE MALL
PHILADELPHIA, PA 19106

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Bryn Mawr Trust Company by the Federal Reserve Bank of Philadelphia, the institution's supervisory agency.

The evaluation represents the agency's current assessment and rating of the institution's CRA performance based on an examination conducted as of march 18, 1996. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after that date.

The purpose of the Community Reinvestment Act of 1977 (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall: (1) assess the institution's record of helping to meet the credit needs of it its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and; (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub.L.No.101-73, amended the CRA to require the Agencies to make public certain portions of their CRA performance assessments of financial institutions.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under 4 performance categories, as detailed in the following section of this evaluation.

ASSIGNMENT OF RATING

Identification of Possible Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low-and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

DISCUSSION OF INSTITUTION'S PERFORMANCE

INSTITUTION'S RATING:

This institution is rated <u>Satisfactory</u> based on the findings presented below:

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

<u>Assessment Factor A</u> - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.

(CONCLUSION/SUPPORT)

Bryn Mawr Trust Company's (BMT) local community contains a limited number of low- to moderate-income census tracts. Based upon this factor the bank has not engaged in numerous types of ascertainment activities; but, has proactively targeted its outreach efforts to selected entities. Management indicated that, through ongoing ascertainment activities conducted over several years, it has determined which community contacts are productive, in terms of originating credit products that effectively address the needs of the traditionally underserved segments within its community.

In particular, BMT maintains a meaningful dialogue with several churches that represent the interests of low- to moderate-income residents of the community, especially residents living in Ardmore, Pennsylvania. Such dialogue facilitates the bank's highly proactive participation in credit programs that are designed to promote home ownership. Moreover, through its ongoing relationships with the churches, BMT has been instrumental in encouraging other financial institutions to participate in the programs. The bank participates in the following housing-related programs:

Ardmore Affordable Housing Coalition (AAHC) Program:

BMT's CRA Officer has been an active member of the AAHC since 1990 and currently serves on its board of directors. One of the objectives of AAHC is to provide affordable home ownership in the Ardmore community for low-to moderate-income persons. The coalition is comprised of community leaders and religious representatives from the Ardmore community.

Through BMT's association with AAHC, it participated in the development of a program to provide residential mortgage loans to low- to moderate-income persons, primarily in the Ardmore community, for affordable housing. The program is

(continued)

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS (continued)

administered through a program sponsored by the Federal National Mortgage Association (FNMA), the Community Home buyers Program (CHP). Moreover, to further assess the effectiveness of the CHP and the marketing efforts utilized to promote the program, BMT regularly surveys the participants to determine:

- (1) The areas of the community responding to its marketing efforts.
- (2) The extent to which the CHP is meeting its objectives.
- (3) How the bank may further address the community's mortgage credit needs.

It should also be noted that program participants are required to attend seminars on home ownership. The bank's CRA Officer expends considerable effort to participate in and lend technical support to such efforts.

Closing Costs Loan Program

Through its association with AAHC, BMT determined that many low- to moderate-income persons were unable to purchase homes due to a lack of funds to pay the closing costs associated with a residential mortgage. In response, the bank initiated a special loan program through which the loan applicants, could borrow the funds on a short term basis.

To actively promote this program, the bank maintains a working relationship with a local minority realtor. As part of this relationship, the realtor encourages prospective loan applicants to consider participation in the programs offered by the bank. Management indicated that BMT makes a concerted effort to accommodate any applicants referred by the realtor. Should a referred applicant be denied credit for any reason, management indicated that the bank offers the applicant credit counseling.

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS (continued)

Community Living Loan Program

BMT is a participant in another program developed by the Federal National Mortgage Associations (FNMA), the Community Living Loan Program. This program is designed to provide affordable housing loans to developmentally disabled persons.

Interviews conducted with outside community representatives during the examination, provided anecdotal information to indicate that BMT routinely engages in proactive needs assessments efforts. The bank also maintains an ongoing dialogue with the following governmental entities in order to determine and address the credit needs of traditionally underserved segments within its delineated community.

Small Business Administration (SBA)
Federal National Mortgage Association (FNMA)
Montgomery County Office of Community Development
Lower Merion Township

BMT also assesses the credit needs of local businesses through business development efforts of its commercial loan officers. Management indicated that it also maintains longstanding relationships with certain local business persons. Through such relationships, the bank remains abreast of small business and entrepreneurial credit needs within the community's economically distressed segments.

<u>Assessment Factor C</u> - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

(CONCLUSION/SUPPORT)

BMT's board of directors actively oversee the bank's CRA efforts and activities. Moreover, the directorate is routinely apprised, by the CRA Officer, of the current status of such efforts and activities. The oversight by the directorate is well documented in the minutes of the directors' meetings.

The following is a description of BMT's internal CRA-related functions, illustrating the substantial attention given to CRA matters by the bank's board of directors and senior management:

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS (continued)

Assessment Factor C (continued)

<u>CRA Task Force</u> - The task force, comprised of senior management and other bank officers, was established to review and address the comments, recommendations, and conclusions contained in the most recent CRA Performance Evaluation.

<u>CRA Committee</u> - This committee, formed in 1989, includes BMT's president and other members of management representing the bank's internal audit, commercial credit, consumer credit, and marketing functions. According to management, the committee meets on a semi-annual basis to review the most recent CRA assessment of the bank, its marketing activities, its efforts to ascertain credit needs, and the geographic distribution of the bank's loan portfolio.

CRA Committee minutes reveal that BMT's president actively participates in the bank's CRA planning process and regularly reviews CRA-related programs. Additionally, the board of directors has formally adopted a Fair Lending Policy and a CRA Marketing Policy that are regularly reviewed by the directorate.

II. MARKETING AND TYPES OF CREDIT EXTENDED

<u>Assessment Factor B</u> - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

(CONCLUSION/SUPPORT)

The bank has developed a formal marketing program that is periodically reviewed by the board of directors and senior management. Moreover, the bank has implemented a comprehensive Marketing CRA Policy that specifically addresses the functional areas of advertising, community relations, and corporate contributions.

BMT also regularly assesses its special loan programs to determine: the level of applicant participation, the degree of effectiveness, and which community segments have utilized the program.

The bank utilizes various methods and a wide range of print media to market its products and services, including regionally circulated newspapers, publications for special events, and church bulletins. The advertisements are designed to reach all of BMT's delineated community including low- and moderate-income segments. During 1995 and the first quarter of 1996, the publications included:

II. MARKETING AND TYPES OF CREDIT EXTENDED (CONTINUED)

Assessment Factor B - (continued)

Philadelphia Inquirer

Daily Local News

City Line News

Main Line Times

MainLiner

Main Line Life

Overbrook Press

Sunday Local News

Neighbors

Suburban Advertiser

Neighbors - Main Line

Town Talk - Newtown Square

County Lines

Additionally, in 1995, the bank marketed its services through two television advertisement spots that were periodically broadcast throughout the bank's local community.

As noted under <u>Ascertainment of Community Credit Needs</u>, BMT participates actively in both the CHP and Closing Cost Loan Program. Supplementing the marketing efforts noted above, BMT's CRA officer continues to regularly promote the availability of such programs through speaking engagements at several local churches. Additionally, the bank routinely delivers phamplets and brochures promoting the CHP and Closing Cost Loan Program and other special loan programs to churches, community organizations, day care centers, local supermarkets, and individual homes. The availability of the Closing Cost Loan Program is also published regularly in local periodicals with respect to the advertisement of mortgage loan rates and is presented at home ownership seminars offered by the bank.

Such seminars are offered on a semi-annual basis to educate low- to moderate-income residents of the home mortgage application process and provide credit counseling. The seminars also assist low- to moderate-income individuals to budget for the purchase of a home. Applicable training program material is provided by FNMA. BMT's current CRA statement indicates that since November 1990, the bank has conducted six seminars at its main office to over 300 attendees. As a result of these seminars, 35 families have purchased their first home. Of this number, 31 obtained a mortgage loan from BMT.

II. MARKETING AND TYPES OF CREDIT EXTENDED (continued)

Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans and small business or small farm loans within its community, or the purchase of such loans originated in its community.

(CONCLUSION/SUPPORT)

BMT generally addresses community credit needs through the origination of commercial, consumer, and real-estate related credits. The bank's actual lending profile since year-end 1994 is presented in the following chart:

LOAN TYPE	03/31/96	%	12/31/95	%	12/31/94	%
Consumer I/L Loans	72,944	30	73,137	31	76,817	34
Commercial & Industrial Loans	69,208	28	67,507	29	54,631	24
Home Mortgage Loans	56,009	23	48,441	20	55,220	24
Commercial & Multi- Family Real Estate Loans	32,935	13	30,872	13	30,556	13
Real Estate Construct. Loans	8,380	3	8,906	4	4,884	2
Open-end Home Equity Credit	6,137	3	6,439	3	6,619	3
Total	245,613	100	235,302	100	228,727	100

BMT's CRA statement accurately discloses all of the credit products that it offers. In addition, it provides detailed descriptions of those special home loan programs designed to increase lending to low- to moderate-income segments and noted under Ascertainment of Community Credit Needs. The CRA statement also describes the availability of Community Living Loans offered to developmentally disabled individuals under FNMA's Community Living Demonstration Program; loans to small businesses, including minority businesses, through various programs offered by the Small Business Administration (SBA); and small business loans, ranging in amounts from \$5,000 through \$25,000, offered through a revolving loan pool sponsored by a local consortium of financial institutions known as the Suburban Community Bank Council.

BMT received 657 home mortgage applications during 1995, 622, of which, were originated in an aggregate amount of \$67.7 million. In 1994, 715 applications were received, resulting in 644 originations that totaled \$58.5 million. The loan denial rates for both years were comparatively low, at .05% and 1.5% in 1995 and 1994, respectively.

II. MARKETING AND TYPES OF CREDIT EXTENDED (continued)

Assessment Factor I - (continued)

Further details of BMT's home mortgage lending in 1995 and 1994, based on applicable HMDA/LAR data, are presented in the charts below:

1995 Mortgage Lending Activity

	Applic #/		Origin #/		Deni		Withdr #/\$	
Conventional	339	42.4	312	39.1	6	0.5	13	2.8
Refinance	198	26.4	190	25.5	0	0.0	8	0.9
Home Improv.	120	3.1	120	3.1	0	0.0	0	0.0
TOTAL	657	71.9	622	67.7	6	0.5	21	3.7

(Dollars in Millions)

1994 Mortgage Lending Activity

	Applic		Origin #/		Den:			drawn /\$
Conventional	254	31.5	236	29.2	3	0.5	15	1.7
Refinance	254	27.3	233	24.6	6	0.8	15	1.9
Home Improv.	207	5.0	190	4.7	12	0.2	5	0.2
TOTAL	715	63.8	644	58.5	21	1.5	35	3.8

(Dollars in Millions)

The number of mortgage loans originated in 1995 declined from that of 1994 but, in terms of aggregate dollar amount, the volume of mortgage originations increased by nearly \$10.0 million in 1995. Refinanced and home improvement loan originations decreased considerably in 1995; but, conventional purchase money mortgage loans increased significantly, in number and dollar volume, during this period.

BMT's HMDA/LAR data indicates that a substantial percentage of its home mortgage loan originations for the two-year period were granted to finance properties located within its community. In particular, 67.2% and 76.2% of housing-related loans originated in 1995 and 1994 respectively, were extended within this area.

As already noted, the bank proactively employs outreach and promotional techniques to originate home loans under both the CHP and the Closing Cost Loan Program. CHP's underwriting criteria is more flexible than that for conventional loans and no cash reserves are required under the program. Borrowers may qualify under CHP with front-end and back-end debt-to-income ratios of 33% and 38%, respectively. Purchase money mortgages may be originated at a maximum loan to value ratio of 95%.

II. MARKETING AND TYPES OF CREDIT EXTENDED (continued)

Assessment Factor I - (continued)

Under the Closing Cost Loan Program, unsecured installment loans are available in amounts of up to \$6,000 with a maximum maturity of seven years. Since initially offering this program in 1994, BMT has originated 11 loans in an aggregate amount of \$52,000. Additionally, management noted that two financial institutions are also participating in the program, due to the outreach efforts of BMT.

The bank in conjunction with Lower Merion Township, utilized a \$75,000 Community Development Block Grant, from the U.S. Department of Housing and Urban Development (HUD) to enable low- to moderate-income loan applicants to purchase dwellings. Specifically, the bank allocated \$15,000 each to five mortgage applicants, in order to reduce the interest rate of the loans, by approximately 2%. Through this process, the bank not only reduced the amount of the borrower's settlement costs; but, also significantly reduced the amount needed to amortize the loan.

Through its participation in FNMA's Community Living Demonstration Program, BMT originates credit, secured by one- and two-unit investor owned residences, to provide housing for developmentally disabled residents.

The following chart summarizes BMT's lending activity, to date, in conjunction with each of the aforementioned programs:

	1994		1995		1996	
Program:	#Loans/\$Volume		#Loans/\$Volume		#Loans/\$Volume	
Community Home Buyers	14	884	15	1,200	3	189
Closing Costs Loan	6	28	5	22	1	2
Community Living Loan	2	121	4	341	1	76

Source: Bryn Mawr Trust Co. CRA File (thousand)

The bank is a member of the Suburban Community Bank Council (SCBC), a local consortium of banks that have established a revolving small business loan fund of \$110,000. Although the fund has received considerable publicity locally, to date, no loans have been originated from the fund. Based on a re-evaluation of the fund's structure and underwriting criteria in July 1995 by SCBC's participants, the maximum loan amount was increased to \$50,000 from \$25,000.

II. MARKETING AND TYPES OF CREDIT EXTENDED (continued)

<u>Assessment Factor I- (continued)</u>

Notwithstanding the absence of loan originations from SCBC's micro loan fund, BMT's loan portfolio, at mid-year 1995, contained a significant amount of small business loans. According to Schedule RC-C Part II (Loans to Small Businesses and Small Farms) of BMT's Consolidated Report of Condition and Income as of June 30, 1995, loans secured by nonfarm nonresidential properties and commercial and industrial loans, originated in amounts of \$1.0 million or less, aggregated \$15.8 million and \$35.9 million, respectively. In relative terms, such levels accounted for approximately 50% of the commercial, industrial and nonresidential mortgage portfolio components for the same period. Details of the June 30, 1995 Schedule RC-C are presented below.

Bryn Mawr Trust Company Loans to Small Business Consolidated Reports of Condition and Income as of 6/30/95 Schedule RC-C Part II Loans Secured by Nonfarm Nonresidential Properties						
Number of Loans Percent 6/30/95 Percent						
With original amounts of \$100,000 or less	38	40%	\$ 1,674,000	10%		
With original amounts of more than \$100,000 through \$250,000	32	33%	\$ 4,860,000	31%		
With original amounts of more than \$250,000 through \$1,000,000	26	27%	\$ 9,312,000	59%		
TOTAL	96	100%	\$15,846,000	100%		

(Thousand)

Bryn Mawr Trust Company Loans to Small Business Consolidated Reports of Condition and Income as of 6/30/95 Schedule RC-C Part II Commercial and Industrial Loans						
Number of Loans Percent 6/30/95 Percent						
With original amounts of \$100,000 or less	411	73%	\$10,391,000	29%		
With original amounts of more than \$100,000 through \$250,000	95	17%	\$ 9,904,000	28%		
With original amounts of more than \$250,000 through \$1,000,000	60	10%	\$15,651,000	43%		
TOTAL	566	100%	\$35,946,000	100%		

(Thousand)

II. MARKETING AND TYPES OF CREDIT EXTENDED (continued)

Assessment Factor J - The institution's participation in governmentally-insured, guaranteed or subsidized loan programs for housing, small businesses or small farms.

(CONCLUSION/SUPPORT)

As previously noted in this section, BMT, through its coordinated efforts with Lower Merion Township, utilized a \$75,000 CDBG from HUD to offer more favorable loan terms to low- to moderate-income home buyers. However, despite the bank's proactive dialogue with several government entities at the federal, state, and local levels; its participation in governmentally-insured, guaranteed or subsidized loan programs has been limited. Although BMT participated in SBA loan programs during 1993, it has not originated any SBA loans since 1994.

III. <u>GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING</u> OFFICES

Reasonableness of Delineated Community

(CONCLUSION/SUPPORT)

is headquartered in Bryn Mawr, Montgomery County, BMTPennsylvania and is located approximately five miles northwest of the city of Philadelphia. Currently, the bank operates five full-service offices, one located in southeast Delaware County, two situated in northern Chester County, and two offices in southern Montgomery County. Additionally, BMT operates seven limited-service banking offices that offer primarily limited deposit-related services. Five of the limited-service offices are situated in nursing homes located in Bryn Mawr, West Chester, Media, Haverford, and Gladwyne. Two of the limitedservice facilities are situated in office complexes in Radnor and West Conshohocken. Although none of the bank's offices or limited-service offices are located in low- to moderate-income geographies, each is reasonably located within its delineation and is accessible by public transportation.

In January 1995, BMT's board of directors formally amended the community delineation of the bank to accurately reflect the institution's lending patterns. Previously, BMT had delineated 121 census tracts as its local community. This delineation was expanded by approximately 25% to encompass 153 census tracts located in portions of Chester, Delaware, Montgomery and Philadelphia counties.

The following chart provides an analysis of the delineation by census tract and county.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES (continued)

Reasonableness of Delineated Community (continued)

Bryn Mawr Trust Company 1995 Community Delineation						
County:	Total Census Tracts:	Percent L/M Census Tracts:				
Chester	24	0	0%			
Delaware	63	5	8%			
Montgomery	39	1	3%			
Philadelphia	27	7	26%			
TOTAL:	153	13	8%			

(Source: Bryn Mawr Trust Company 1995 CRA file)

The delineated community of the bank is situated within the Philadelphia Metropolitan Statistical Area (MSA). Based upon 1990 U.S. Census data, the delineation contains fourteen low-to moderate-income census tracts. Approximately 52% of BMT's market is comprised of high-income tracts, 39% middle-income tracts, and 9% low-to moderate-income tracts.

BMT's local community, as currently delineated for CRA purposes, is considered reasonable in that it approximates the effective lending territory of the bank, based upon an internal analysis, and does not appear to arbitrarily exclude any low-to moderate-income geographies.

Assessment Factor \underline{E} - The geographic distribution of the institution's credit extensions, credit applications and credit denials.

(CONCLUSION/SUPPORT)

The previous compliance evaluation, conducted as of December 12, 1994 by the Federal Deposit Insurance Corporation (FDIC), noted that BMT had completed a geographic analysis of its entire loan portfolio at year-end 1994. The evaluation also noted lending voids in certain census tracts in the southwest portion of BMT's community as delineated at that time. During January 1995, management revised the bank's delineated local community to approximate its effective lending territory. In so doing, community boundaries were increased in Delaware, Montgomery, and Philadelphia Counties while 17 census tracts located in the southwestern portion of Chester County were eliminated. Management has not conducted a geographic analysis of lending patterns since December 1994.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES (continued)

Assessment Factor E (continued)

Given the absence of a more recent comprehensive geographic analysis, BMT's home mortgage lending activities were analyzed using 1994 and 1995 HMDA data. The following charts provide an overview of BMT's home mortgage lending presence within its local community as currently delineated for purposes of CRA. (Note: The data presented is based on 1994 and 1995 HMDA/LAR data that was found to contain some errors when tested during this examination. However, the nature of such errors, as described in the compliance section of this report, are not deemed substantive to significantly affect the overall lending patterns reflected by the data.

Originations, 1995

Total Loans Inside and Outside of Community							
	Number	Percent	Dollar	Percent			
Inside	418	67.2%	\$44,730,000	67.1%			
Outside	204	32.8%	\$21,930,000	32.9%			
Total Loans	622	100.0%	\$66,660,000	100.0%			

Originations, 1995 , By Product Type, Number of Loans

	Penetration Levels by Product Type: Number of Loans							
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Real-Estate Loans	Number Inside	Percent Inside	Number outside	Percent Outside				
Conventional Home Purchase	194	62.2%	118	37.8%				
Home Improvement	95	79.2%	25	20.8%				
Refinance	129	67.9%	61	32.1%				
Total Loans	418	67.2%	204	32.8%				

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES (continued)

Assessment Factor E (continued)

Originations, 1995 , By Product Type, Dollar Amounts

Penetration Levels by Product Type: Dollar Amounts							
Real-Estate Loans	Dollar Amount Inside	Percent Inside	Dollar Amount Inside	Percent Outside			
Conventional Home Purchase	\$25,209,000	66.2%	\$ 12,880,000	33.8%			
Home Improvement	\$ 2,361,000	77.0%	\$ 707,000	23.0%			
Refinance	\$17,169,000	67.3%	\$ 8,343,000	32.7%			
Total Loans	\$44,739,000	67.1%	\$ 21,930,000	32.9%			

Originations, 1994

Total Loans Inside and Outside of Community						
	Number	Percent	Dollar	Percent		
Inside	491	76.2%	\$43,340,000	76.2%		
Outside	153	23.8%	\$13,559,000	23.8%		
Total Loans	644	100.0%	\$56,899,000	100.0%		

Originations, 1994, By Product Type, Number of Loans

Penetration Levels by Product Type: Number of Loans							
Real-Estate Loans	Number Inside	Percent Inside	Number Outside	Percent Outside			
Conventional Home Purchase	162	70.4%	68	29.6%			
Home Improvement	156	84.8%	28	15.2%			
Refinance	173	75.2%	57	24.8%			
Total Loans	491	76.2%	153	23.8%			

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES (continued)

Assessment Factor E (continued)

Originations, 1994, By Product Type, Dollar Amounts

Penetration Levels by Product Type: Dollar Amounts				
Real-Estate Loans	Dollar Amount Inside	Percent Inside	Dollar Amount Inside	Percent Outside
Conventional Home Purchase	\$21,178,000	4.7%	\$ 7,161,000	25.3%
Home Improvement	\$ 3,952,000	85.8%	\$ 652,000	14.2%
Refinance	\$18,210,000	76.0%	\$ 5,746,000	24.0%
Total Loans	\$43,340,000	76.1%	\$13,559,000	23.8%

In 1994 and 1995 no less than 67% of BMT's home mortgage originations, in terms of number and dollars, were extended to finance properties in its local community. Based on the foregoing data, the bank had greater loan penetration within its community in 1994 than in 1995. In terms of product type, BMT had the greatest penetration rate within its community with respect to its home improvement loans. Such lending patterns and penetration rates are deemed reasonable, for purposes of CRA, with respect to BMT's asset size, community demographics, and local economic conditions.

The following charts depict the geographic distribution of all home mortgage loans originated in 1995 and 1994 within BMT's local community, as currently delineated for purposes of CRA.

Geographic Distribution of Loans Within Delineation by Census Tract (1995)				
	Number	Percent	Dollar	Percent
Low/Mod	12	2.9	653	1.5
Middle	65	15.6	4,351	9.7
Upper	341	81.6	39,726	88.8
Total	418	100.0	44,730	100.0

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES (continued)

Assessment Factor E (continued)

Geographic Distribution of Loans Within Delineation by Census Tract (1994)				
	Number	Percent	Dollar	Percent
Low/Mod	6	1.2	167	0.3
Middle	95	19.3	5,641	13.0
Upper	390	79.5	37,532	86.7
Total	491	100.0	43,340	100.0

The data indicates that BMT's home mortgage lending profile for both years is oriented towards upper income geographies within its community. Such a profile is not deemed unusual in view of the overall demographics of the community, which has a per capita income exceeding that of the entire state. However, the bank's mortgage lending presence within its community's low- to moderate-income geographies is considered limited, given that 9.5% of the community's population reside in low- to moderate-income tracts.

Nevertheless, the 1994 and 1995 HMDA data indicate a considerable lending presence in three contiguous census tracts within the community that contain significant population segments of low- to moderate-income and minority individuals. Although not designated as low- to moderate-income tracts according to 1990 Census data, these geographies encompass pockets or neighborhoods in South Ardmore and parts of Bryn Mawr that, based on local demographic data, are deemed low- to moderate-income.

Moreover, BMT's current presence in low- to moderate-income geographies should be tempered by the fact that under CHP, it has originated 32 loans in an aggregate amount in excess of \$2.0 million over the last two consecutive years and current year-to-date period. Irrespective of property locations, eligible participants in CHP are subject to maximum income caps (i.e. family income of no more than 79% of the adjusted median family income for the Philadelphia MSA).

<u>Assessment Factor G</u> - The institution's record of opening and closing offices and providing services at offices.

(CONCLUSION/SUPPORT)

Currently, BMT operates five full-service banking offices and seven limited service offices located as follows:

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES (continued)

Assessment Factor G (continued)

Full Service Offices:

801 Lancaster Ave., Bryn Mawr,	(Montgomery County)
18 West Eagle Road., Havertown,	(Delaware County)
39 W. Lancaster Ave., Paoli,	(Chester County)
330 E. Lancaster Ave., Wayne	(Delaware County)
312 E. Lancaster Ave., Wynnewood	(Montgomery County)

<u>Limited Service Offices (Office Centers)</u>:

One Tower Bridge, West Conshohocken,	(Montgomery County)
Radnor Corporate Center, Radnor	(Delaware County)
The Quadrangle, Haverford	(Delaware County)

Limited Service Offices (Retirement Homes):

Beaumont at Bryn Mawr Retirement Community, Bryn Mawr (Montgomery County)
Bellingham Retirement Living, West Chester (Chester County)
Martins Run Life Care Community, Media (Delaware County)
Waverly Heights, Gladwyne (Montgomery County)

Automated teller machines and drive-through facilities are available at each of BMT's full-service offices.

Although none of BMT's full or limited service offices are located in low-to moderate-income geographies, all of the bank's loan products are uniformly offered at each full service office. Moreover, each full service office is readily accessible through public transportation.

BMT maintains a branch office closing policy that meets the requirements of Section 42 of FDICIA. The bank has not closed any offices since the previous examination.

IV. <u>DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES</u>

<u>Assessment Factor D</u> - Any practices intended to discourage applications for the types of credit set forth in the institution's CRA Statement(s).

(CONCLUSION/SUPPORT)

Management has formulated a comprehensive loan policy that generally prohibits any form of discrimination upon any one of the bases protected by the Equal Credit Opportunity Act and the Fair Housing Act. The examination found no evidence of illegal credit policies nor practices intended to discourage loan applications of any type.

<u>Assessment Factor F</u> - Evidence of prohibited discriminatory or other illegal credit practices.

(CONCLUSION/SUPPORT)

BMT is deemed in general compliance with the substantive provisions of the applicable federal laws and regulations that relate to the non-discriminatory treatment of credit applicants. Violations of Regulations B, the Equal Credit Opportunity Act (ECOA); Regulation C, the Home Mortgage Disclosure Act (HMDA); and Regulation Z, the Truth In Lending Act, were noted during the evaluation. However, such findings are not indicative of any discriminatory nor questionable lending practices. BMT's employees receive ongoing training regarding both CRA and fair lending issues. The bank's CRA officer formally documents that all employees have received such training.

V. COMMUNITY DEVELOPMENT

<u>Assessment Factor H</u> - The institution's participation, including investments, in local community development and redevelopment projects or programs.

(CONCLUSION/SUPPORT)

Overall, BMT's participation in formal community development programs and projects, since the previous evaluation, has been somewhat limited. Historically, BMT has funded several community development projects through local Industrial Development Authorities (IDAs). Management indicated, however, that no loans have been originated through IDA entities since the previous evaluation.

V. <u>COMMUNITY DEVELOPMENT (continued)</u>

Assessment Factor H (continued)

Notwithstanding BMT's limited participation in formal community development initiatives, it extended a \$500,000 revolving credit facility, in January 1996, to a local non-profit entity that provides affordable housing and related services to low-income first-time home buyers. Specifically, proceeds of the credit facility are to be used to purchase and renovate single family homes in the city of Philadelphia. Such funding is to be matched with a financial grant from HUD. Upon renovation, it is expected that affordable homes will be sold to qualified buyers at \$50,000 each. In addition, the bank continues to provide a \$1.0 million line of credit to the same entity to provide gap financing pending the entity's receipt of federal, state, and local government funding.

<u>Assessment Factor K</u> - The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.

(CONCLUSION/SUPPORT)

BMT reported total assets of \$351 million at December 31, 1995. Operations for fiscal 1995 resulted in net income of \$4.8 million, which returned 1.46% on average assets. The evaluation did not uncover any conditions or impediments deemed to negatively impact the bank's ability to address community credit needs or participate in community development initiatives.

Assessment Factor L - Any other factors that, in the regulatory authority's judgment, reasonably bear upon the extent to which the institution is helping to meet the credit needs of its entire community.

(CONCLUSION/SUPPORT)

BMT's investment portfolio contains 21 obligations of several school districts and municipalities situated within its local community. The aggregate book value of such issues was \$6.8 million at February 29, 1996. Additionally, the bank has invested \$485,770 with the Federal Farm Credit Banks.

The bank is currently considering participation in an initiative to provide training and employment opportunities to low-income, unemployed persons who reside in the Ardmore vicinity through a

(continued)

V. <u>COMMUNITY DEVELOPMENT (continued)</u>

Assessment Factor L (continued)

new community development initiative sponsored by the AAH. The program, currently known as the Cooperative Job Bank, is planned to provide employment training, counseling, and potential job leads for applicants.

Additionally, BMT provides government food stamp sales and redemption services.

ADDITIONAL INFORMATION

NONE.